

# **Balancing the Economic Growth and Depletion of Resources in Ghana**

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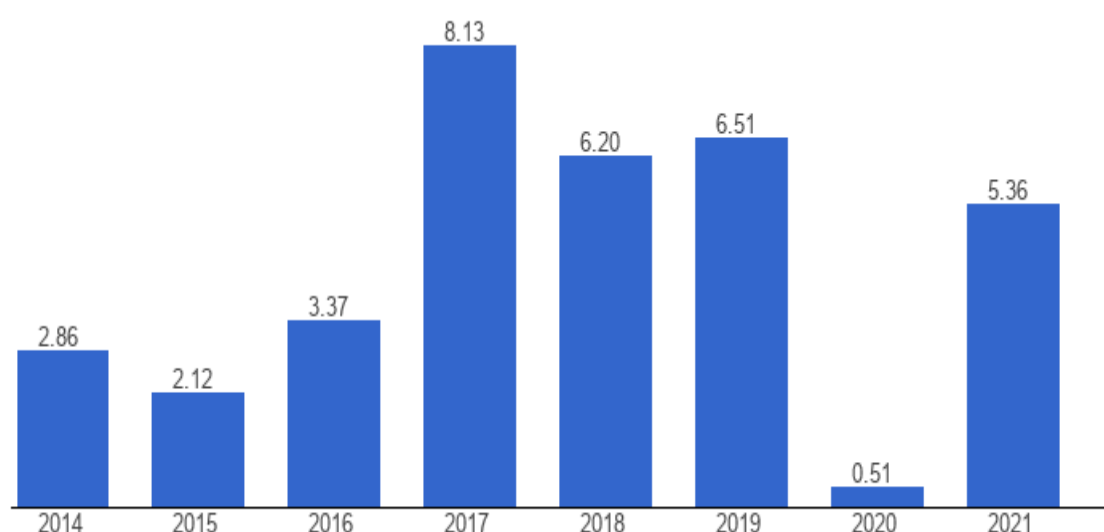
## **Introduction**

In economically developed nations, there are differences in the patterns of resource utilization. Individuals in industrialized nations due to their desires for a greater standard of living, have a higher demand for resources than is necessary for a fair standard of living. As a result, they gravely harm the environment by seriously overusing the resources.<sup>1</sup> However, people in emerging nations have a lower need for resources because of their lower standard of living. However, their growing population, lack of environmental knowledge, and desire to quickly improve their living conditions result in careless resource destruction.<sup>2</sup> The resource-based consumerism paradigm that is common in affluent nations is now spreading to poor nations.

Ghana's narrative of economic growth is outstanding. The main forces behind Ghana's economic success have been its natural resources. The natural resources that support this prosperity, however, must be safeguarded and managed sustainably.

Ghana underwent a transformation over the previous 32 years due to an increase in the price and output of cocoa, gold, and oil, real GDP growth doubled<sup>3</sup>, extreme poverty decreased by half, and in 2011, Ghana attained the designation of a Lower Middle-Income Country. The main concern is how this remarkable achievement, which is firmly grounded in natural capital, can continue to provide improvements in macroeconomic growth and poverty reduction.

**Table 1.0. Ghana's GDP Growth for the past 8 years. (Values in percentage)**



**Source: Statista.com 2022**

The scale, scope, and economic impacts of environmental deterioration on society are provided by the most current Ghana Country Environmental Analysis (CEA) from the World Bank<sup>5</sup>. Air pollution, plastics/ e-waste pollution, and water pollution affect health and hygiene; gold mines, unmanaged solid waste, and contaminated sites release hazardous chemicals; land degradation, deforestation, and overfishing heavily impact livelihoods and limit drivers of growth.

### **The Extent of Environmental Damage against Macroeconomic indicators**

<sup>6</sup>The annual cost of environmental degradation is \$6.3 billion, or almost 11% of Ghana's 2020 GDP. Renewable resources, like cocoa, timber, and other tree, and food crops, depend on good environmental management while non-renewable resources, like gold and oil, cannot support expansion as supplies dwindle. There are definite indications and solid scientific proof that the depletion of natural capital may endanger development, livelihoods, and human health.

**Goldmines:** Ghana pays a tremendous price for its gold mines, uncontrolled solid waste, and other hazardous areas (1.2% of GDP)<sup>7</sup>. Hazardous compounds and heavy metals are released during the recycling and disposal of electronic trash, the burning of plastic garbage, and artisanal small-scale gold mining. Exposure to these substances can be lethal (e.g., 1,200 deaths due to lead exposure).

**Picture 1.0: Impact of Gold mines at Nkatieso and the bank of Pra River in Prestea respectively in the Western Region of Ghana.**



**Source: Ghana-Country Environmental Analysis, 2022.**

**Water pollution:** causes significant harm equivalent to 3% of GDP due to the negative health effects of a lack of clean water, poor sanitation, and poor hygiene (which result in about 10,600 premature deaths annually), as well as the discharge of solid waste, industrial effluents, and toxic substances into water systems (Duru A.Y. 2020).

A recent survey of the Ghanaian water bodies by one of the journalists showed the devastating wreck illegal mining (galamsey) activities have caused to our lands and river bodies. Samples of water collected from the various water bodies along these mining sites are displayed in the picture below.

**Picture 2.0 Showing the deplorable state of the Fresh Water bodies in the mining sites of Ghana.**



**Source: Erastus Asare Donkor, a news reporter with Luv FM in Kumasi-Ghana. (October 2022)**

**Coastal Erosion:** Each year, Ghana loses over 2.7 million square meters of beachfront, 80% of which is due to erosion.<sup>9</sup> Greater Accra experiences extremely severe coastal erosion and flooding. Rising sea levels result in 20% more likely floods and a 20% rise in erosion intensity. This puts at jeopardy localities and UNESCO World Heritage sites like Cape Coast and Elmina. Overfishing resulted in losses of \$233 million and the potential loss of 500,000 employment in addition to the collapse of small pelagic fisheries-Cabral et al., (2020).

**Climate Change:** Climate-sensitive industries are adversely impacted by climate change, and Ghana's energy, forestry, and agricultural sectors form the foundation for the growth of these industries. It has resulted in environmental catastrophes: during the last forty years, 4 million people have been harmed by floods, and a flash flood in Accra in 2018 cost \$55 million to repair (Mensah & Ahadzie, 2020).

The utilization of natural resources, farming methods, and urbanization patterns as they currently exist appear to be mainly unsustainable and need urgent correction. Due to rising costs for the economy, society, and the environment as well as declining productivity, these patterns, if left unchecked, may result in hazardous climate change and lower economic growth.

**Plastic pollution and E-waste:** Plastic pollution has reached an emergency stage. Every day, more than 3,000 metric tons of plastic garbage are produced, the majority of which is discarded or put in temporary landfills. This garbage pollutes the ocean and clogs open drainage systems. The Agbogbloshie rubbish dump's accompanying electronic waste is Accra's primary source of air pollution. Here, deposition of harmful metals enters streams and oceans while burning gadgets releases carcinogenic substances into the air. According to Pain et al., 2019, the annual cost of illnesses and IQ decline in children brought on by lead and mercury poisoning is \$ 440 million.

### **Economic Development and Resource Exploitation**

Natural resource management (NRM) includes planning for the management of soil and water resources as well as the maintenance of ecology, the preservation of biodiversity, and air quality. It also includes the strategy for using the property. According to Day and Hall (2016), modern environmental economists take into account a variety of other issues to assure the long-term viability of the forestry, fishing, tourism, mining, and agricultural industries. Natural resource availability is typically a function of resource supply and demand. The

demand side shows a rising tendency as a result of the efforts made by the nations to raise their living standards and economic growth rates. The supply side, on the other hand, is more frequently predictable. When it comes to environmental degradation, the result could be a lack of diverse natural resources, which raises the possibility of reaching a threshold beyond which there is no turning back. This result would lead to the ecosystem's depletion in addition to increasing the likelihood that additional resources would be discovered, which would hurt Ghana's economic development even more.

In the last few decades, the patterns of economic globalization have dramatically heightened the interaction between ecologists and economists. This correlational pattern is highlighted in a discussion between ecologists and economists about the effects of economic progress on the utilization of natural resources. The ecologist's case is based on the direct effects of economic expansion. Developing nations misuse their lands for economic gain in an effort to attain economic progress. Developing nations are currently responsible for notable environmental degradation, whether it takes the form of air and water pollution, deforestation and erosion, or the actual extraction of natural resources. It is obvious that many of the government-mandated economic growth initiatives have seriously harmed the environment.

Although environmental exploitation has always been a part of human history, its primary cause is the acceleration of economic growth activities and the pursuit of an urgent economic development.

Neoliberal economists, however, contend that environmental degradation is a problem that is directly linked to poverty rather than a by-product of economic expansion-Foster, E. A. (2008). One of the main causes of issues like deforestation, desertification, and contaminated water is the struggle of the poor to exist. Natural resources including fresh water, fish, and animals are almost completely depleted by the impoverished. They cultivate unfit soil for food production and monetary gain, and they pollute nearby waterways with trash and sewage.

### **The Way Forward**

It is imperative to take action right away to protect vulnerable people in Ghana from the effects of environmental degradation and climate change. Understanding the significance of informed communities and powerful institutions in the pursuit of accountability and transparency is also crucial. Last but not least, Ghana would gain from adopting important policy reforms to distribute resources and advantages to communities.

As human activities grow more environmentally friendly, trees are safeguarded and preserved, which improves a stable natural climate. The fundamental responsibility for ensuring environmentally friendly behaviour is to protect forests beginning with the institutions. However, organizations are made of people. Ghana's Forestry Commission, which is authorised to managing the country's forest resources, needs assistance from local government organizations like the metropolitan, municipal, and district assemblies to promote cooperation for advocacy, knowledge-sharing, and awareness-raising among local residents across the country.

Improving resource efficiency and waste data, indicators, and accounts: Resource productivity, sustainable consumption, and natural resource management policies cannot be properly supported by the knowledge currently available. The information base and measurement methods have seen tremendous improvements, but there are still large data and knowledge gaps between nations, industries, and material kinds, making it difficult to fully understand how resources are used and their associated environmental implications.

Benefits distribution: the 2007 Country Environmental Analysis made the claim that the rural poor, who are the resources' caretakers, are not receiving a fair share of the income from Ghana's natural wealth. Because it was unclear how much money was being allocated to the affected communities, Parliament established the MDF Act. A benefit sharing arrangement that distributes mineral earnings to the Government of Ghana and beneficiaries is outlined in the Constitution and MDF Act. The primary source of funding for communities' investments in physical assets, human capital, and environmental restoration is royalties. However, mining communities only receive 4% of the rent, with bigger amounts going to the government and traditional authorities. There is little to no citizen input into the royalty's budget.

## **Conclusions**

It is crucial to act right away to stop climate change and environmental degradation from harming Ghana's most vulnerable populations. Understanding the significance of informed communities and powerful institutions in the pursuit of accountability and transparency is also crucial. The advancement of significant policy reforms to distribute resources and advantages to the community will ultimately benefit Ghana.

Also, there is the need to relieve pressure on trees in the landscape by promoting retention and planting of trees on farms, efficiency in fuelwood use, e.g., through improved cookstoves, alternate sources of household energy, and establishment of sustainably managed community woodlots

Finally, Government needs to foster reciprocity in the public sector-mining community relationship, visiting areas vulnerable to illegal mining (galamsey) and raising awareness about negative impacts; ease community access to officials to ask questions, receive advice, and report concerns.

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